

The House Financial Services Committee approved the Consumer Financial Protection Act -- but agreed to exempt auto dealers from the agency's new financial watchdog.

The committee approved the bill by a 39-29 vote to revise the nation's financial regulatory system in light of the collapse of financial institutions last year and the \$700 billion Wall Street bailout.

Before the final vote, the committee approved an amendment from Rep. John Campbell, R-Calif., a former auto dealer, to exempt dealer transactions from the oversight of the new Consumer Financial Protection Agency. Instead, dealer lending would be still regulated by the Federal Trade Commission and the Federal Reserve.

The committee approved the Campbell amendment on a 47-21 vote.

"It makes sense to exclude dealers. Dealers had absolutely nothing to do with the credit crisis," said David Westcott, chairman of National Automobile Dealers Association's government affairs committee and a multi-franchise dealer from North Carolina.

NADA's legislative office, as well as dealers across the country, will continue to be involved throughout the process.

"The overwhelming majority of committee members clearly understand that CFPA jurisdiction over dealers is unnecessary and that increased uncertainty in the auto marketplace would limit consumer finance options and increase car buyers' costs," Westcott said.

Without the amendment, dealers would have lobbied against the bill when it comes up for a vote by the full House.

Both Michigan members on the committee, Rep. Thaddeus McCotter, R-Livonia, and Gary Peters, D-Bloomfield Township, voted for the Campbell amendment.

Last week, a group of consumer groups urged the committee to regulate dealers.

"We strongly urge you to ensure that all activities of auto dealers related to the financing of cars are fully included under the jurisdiction of the (proposed) Consumer Financial Protection Agency," said the letter from about 30 groups, including the Consumer Federation of America, Consumers Union, National Council of La Raza and Public Citizen. "Consumers desperately need federal protection from ubiquitous predatory auto lending practices and multibillion-dollar frauds."

On Sept. 22, Frank's proposal had exempted dealers from some new regulations -- if buyers got their own financing or paid cash. The Obama administration's proposal called for regulating all dealer transactions.

But the NADA said Frank's exemption was too narrowly drawn -- and would still have subjected dealer financing to regulation. The dealers group notes that auto lending is already regulated by all 50 states, the Federal Reserve Board and Federal Trade Commission. It also took issue with the consumer groups, saying auto-related complaints were just 1 percent of all FTC complaints last year.